

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6977

Petition of Blue Spruce Farm, Inc., for a certificate of	)	Hearing at
public good, pursuant to 30 V.S.A. Section 248,	)	Montpelier, Vermont
authorizing the construction of a methane-fueled	)	September 2, 2004
electrical generating facility in Bridport, Vermont	)	

Order entered: 9/9/2004

PRESENT: William B. Jordan, Hearing Officer

APPEARANCES: Sarah D. Hofmann, Esq.  
for Vermont Department of Public Service

David Englander, Esq.  
for Vermont Agency of Natural Resources

Ebenezer Punderson, Esq.  
Deppman & Foley, P.C.  
for Blue Spruce Farm, Inc.

Morris L. Silver, Esq.  
for Central Vermont Public Service Corporation

**I. INTRODUCTION**

On June 2, 2004, the Vermont Public Service Board ("Board") received a petition from Blue Spruce Farm, Inc. ("Blue Spruce Farm" or "Petitioner") requesting a certificate of public good ("CPG") under 30 V.S.A. § 248(j) authorizing construction of a methane-fueled electrical generating facility on the property of the Blue Spruce Farm in Bridport, Vermont. Blue Spruce Farm's petition specifically seeks to (1) install a 275 kW electric generator to be fueled by methane collected from anaerobic digestion of cow manure, (2) construct three buildings: a concrete digester building, a wood-frame building to house the generator, and a wood-frame building to house the separated manure solids, and (3) install two new utility poles, all at the Blue Spruce Farm in Bridport, Vermont ("Project"). All power will be sold at wholesale to

Central Vermont Public Service Corporation ("CVPS") as part of the utility's voluntary renewable pricing program.

In this proposal for decision, I recommend that the Board grant the petition and issue a CPG to Blue Spruce Farm, subject to certain conditions.

## **II. Procedural History**

On June 10, 2004, the Board requested additional information from Blue Spruce Farm, and also suggested that, depending on how long CVPS's system impact study and the Vermont Agency of Natural Resources's ("ANR") air pollution determination would take, it may be more efficient to proceed as a regular Section 248 petition. On June 14, 2004, CVPS filed a motion to intervene in this proceeding. On June 18, 2004, Blue Spruce Farm submitted a letter dated June 11, 2004, from Douglas Elliott of the ANR, which stated that an air pollution control permit would not be required for the proposed generation facility.

On June 29, 2004, the Board received a letter from Blue Spruce Farm requesting that the petition be re-docketed as a regular Section 248 petition. Blue Spruce Farm also enclosed a waiver from the Town of Bridport of the 45-day pre-application notice period pursuant to Section 248(f) and provided responses to the Board's June 10, 2004, information request. On July 2, 2004, Blue Spruce Farm filed a waiver from the Addison County Regional Planning Commission of the 45-day pre-application notice period pursuant to Section 248(f). On July 19, 2004, Blue Spruce Farm filed supplemental prefiled testimony (dated July 15, 2004) concerning the addition of two utility poles to the proposed project description.

Blue Spruce Farm provided a copy of its complete filing to each party specified in subdivision (a)(4)(C) of Section 248 and to CVPS. On July 8, 2004, the Board notified all such parties that the Board had appointed William B. Jordan, Utilities Engineer, as the Hearing Officer in this proceeding and that a prehearing conference would be held at the Board's hearing room in Montpelier on July 19, 2004.

On July 19, 2004, I held a prehearing conference to consider the schedule for, and potential issues raised by, Blue Spruce Farm's petition. Appearances were entered by Ebenezer Punderson, Esq., of Deppman & Foley, P.C., for Blue Spruce Farm; Sarah Hoffman, Esq., for the Vermont Department of Public Service ("Department" or "DPS"); David Englander, Esq., for the

ANR; and Morris Silver, Esq., for CVPS. At the prehearing conference, the parties stated that they did not object to CVPS's June 14, 2004, motion to intervene, and I consequently granted CVPS's intervention request. At the prehearing conference, CVPS indicated that the anticipated completion date of the system impact study was not yet known, but expected the study to be completed sometime in August. The parties proposed a schedule for this docket under the optimistic assumption that the system impact study would be completed by August 13, 2004.

As required by subdivision 248(a)(4)(A), the Board arranged for publication of notice in the *Addison Independent* on July 29 and August 5, 2004, notifying the public that a public hearing would be held on Blue Spruce Farm's petition in the Meeting Room of the Addison Fire Department at 7:00 p.m. on August 17, 2004. The notice also notified the public that a site visit would be conducted on August 17, 2004, at 3:00 p.m.

On August 13, 2004, Blue Spruce Farm filed Petitioner's Motion to Accelerate Schedule, which sought to accelerate the schedule proposed and approved by the parties at the prehearing conference, because:

The date by which the generating facility becomes operational is of critical importance to Petitioner for two reasons. First, . . . loan payment will soon become due, and Petitioner is relying upon revenue from power sales to make those payments. Second, and more critically, the manure digestion process must begin when the ambient air temperature is warm, so that the mass of concrete that is the digester is warm enough to "cook" the manure. Once started, the digestion process will generate its own heat. For start-up, however, the air temperature must be warm. This makes it absolutely critical to begin the process in September. If the processing does not begin while the weather is warm, the farm will have to wait until next year to start up the digester, and this delay could financially jeopardize the entire project.

The Motion also stated that the Petitioner is authorized to represent that CVPS, the DPS, and the ANR have no objection to the granting of this Motion.

The site visit and public hearing took place as scheduled on August 17, 2004. Representatives of Blue Spruce Farm, the Agency of Agriculture, Food & Markets, CVPS, and the Department attended the site visit. Representatives from Blue Spruce Farm, CVPS, and the Department attended the public hearing. No other person attended the site visit or the public hearing. In addition, no person requested intervention by the August 24 deadline.

On August 25, 2004, the Department filed with the Board a Stipulation (with the completed CVPS system impact study included among the attachments) reached among all parties in this docket, and within which all parties agreed that the Board should issue a CPG with conditions. *See Stipulation Among Blue Spruce Farm, Inc., Central Vermont Public Service, Vermont Department of Public Service, and Vermont Agency of Natural Resources dated August 25, 2004 (the "Stipulation").* Exh. Joint-1. The Stipulation becomes ineffective if it is not approved in its entirety. As part of the Stipulation, the parties waived their rights to twelve (12) days prior notice from the Board of any technical hearings convened for the purposes of reviewing and approving this Stipulation.

On August 27, 2004, the Board provided notice to all parties that a technical hearing would be held at the Board's hearing room in Montpelier on September 2, 2004. The technical hearing was held as scheduled on September 2, 2004. At the technical hearing, CVPS mentioned that the specific generator for which the system impact study was undertaken had been sold to another customer by the manufacturer. All parties agreed to leave the Stipulation intact but with a potential supplemental condition that would require a supplemental system impact study (including the operating protocol and interconnection requirements) if the generator that can be acquired for this Project has characteristics that are different than the generator for which the system impact study was undertaken.

This matter is ready for decision, and I hereby propose that the Board make the following findings and issue a conditioned certificate of public good to Blue Spruce Farm for the Project.

### **III. FINDINGS**

#### **Project Description**

1. Blue Spruce Farm, Inc. is a Vermont corporation with its registered office at Bridport, Vermont, which owns and operates a large dairy farm in Bridport. Pet. at 1.
2. The farm has a total herd size of 1,900 Holsteins, and 2,200 acres under cultivation. Pet. at 1.
3. Blue Spruce proposes to construct an electrical generating facility on the farm, using methane gas as the fuel for the generator. The methane gas will be derived by processing the farm's raw cow manure in an enclosed anaerobic digester located on the farm. Pet. at 1.

4. The 500 kVA, 480 V synchronous generator is expected to produce between 225 and 275 kW at peak output due to the relatively poor quality of the fuel as compared to natural gas. Exh. Joint-1 (System Impact Study at 5).

5. It is expected that this Project's generating unit will interconnect to the CVPS Weybridge 81 distribution circuit at Line 3 Pole 224 via a 12.47 kV/480 V floating wye-delta generator step up transformer constructed from three 7.2 kV/480 V pole-mounted transformers. Exh. Joint-1 (System Impact Study at 5).

6. The power will be sold at wholesale to CVPS as part of the utility's voluntary renewable pricing program. Pet. at 2.

7. The Project consists of three separate buildings: a concrete enclosed manure digester (73' x 112' ); a wood-frame generator building (55' x 40'), which would completely enclose the generator to reduce noise; and a solids building (55' x 180') that will be used to store the processed manure solids. In addition, two new utility poles would be installed between the existing take-off pole and the generator housing facility. One pole would hold a three-phase protective device, and the other pole would hold the three pole-mounted transformers. Audet pf. at 2; Audet supp. pf. at 1; exh. 12.

8. The Project will be constructed entirely on the property of Blue Spruce Farm, between two existing farm buildings and in a location that will be compatible with other large farm buildings. The design and appearance of the buildings will be compatible with the existing farm buildings. Audet pf. at 2.

9. The unprocessed raw cow manure from approximately 1,500 cows will be pumped directly into the receiving pit from two nearby barns. The manure from the approximately 400 remaining cows will be trucked in from Blue Spruce Farm property approximately one-quarter mile away, as is currently being done. Tr. at 19-21, 41.

10. The unprocessed raw cow manure will then be pumped directly from the receiving pit into the digester, where the manure will be mixed and heated to a temperature of 100°F. In an approximately 20-day process, the degradation of the raw manure in the digester will produce methane gas and biosolids. The methane will be collected and piped directly to the generator

where it will be used to fuel the generator. The biosolids will be pumped to a mechanical separator, where they will be further separated into liquid and solids. Audet pf. at 2.

11. The digestion process will significantly reduce the odor and pathogens contained in the liquid and solid waste streams. Audet pf. at 2, 5.

12. The liquid waste will be spread on the fields as fertilizer, with reduced risk of ground and surface water contamination and reduced odors. Audet pf. at 3, 5.

13. The solids will be used as bedding for the cows and excess will be sold as soil mulch or bedding. Currently the farm uses sawdust for bedding. Because sawdust contains phosphorous, replacing the sawdust with the manure solids will reduce operating costs and reduce phosphorous import. Audet pf. at 2-3.

14. Anaerobic digestion is one of a variety of manure management strategies the Vermont Agency of Agriculture, Food & Markets is looking at to help farms reduce the problems associated with field application of the animal manures they produce. Blue Spruce Farm will serve as a demonstration site for other farms in the region, and as a model for other farms to follow. Exh. 5.

### **Review of the Project under Section 248's Criteria**

#### **Orderly Development of the Region**

[30 V.S.A. § 248(b)(1)]

15. The project will not unduly interfere with the orderly development of the region, with due consideration having been given to the recommendations of the municipal and regional planning commissions, the recommendations of the municipal legislative bodies and the land conservation measures contained in the plan of any affected municipality. This finding is supported by findings 16 through 18, below.

16. The Bridport Selectboard has endorsed the project as being consistent with Bridport's zoning regulations and Town Plan, and has stated that the Project will not adversely affect the orderly development of the Town. Audet pf. at 3; exh. 2.

17. Bridport's Town Plan expressly promotes agricultural land use, and encourages the development of diverse agricultural pursuits, including pursuits that involve the processing of raw agricultural materials. Audet pf. at 3; exh. 3.

18. The Addison County Regional Plan (Readopted May 12, 2004), generally supports production of power in Addison County and specifically mentions two existing methane conversion projects (see Addison County Regional Plan, Energy, Section 8.) Audet pf. at 3-4; exh. 4.

**Need For Present and Future Demand for Service**

[30 V.S.A. § 248 (b)(2)]

19. The Project is required to meet the present and future demand for service which could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy efficiency and load management measures. This finding is supported by finding 20, below.

20. The output of the proposed project will all be sold to CVPS as part of the utility's voluntary renewable pricing program. Power not sold through that program can be sold to meet regional need. The CVPS Least-Cost Integrated Resource Plan calls for development of a voluntary renewable pricing program, and it is part of the utility's strategy to use to meet customer demands. This project creates new sources for renewable resources, for which there currently exists a market. Audet pf. at 3.

**System Stability and Reliability**

[30 V.S.A. § 248(b)(3)]

21. CVPS conducted a System Impact Study to determine whether it was likely that the development of the Project would have an undue adverse affect on electric system stability or reliability. The Study finds that the interconnected parallel operation of the Project with the CVPS electric system can have some impacts. The study describes the approach recommended to address the impacts and indicates that operating conditions should be included in the Interconnection Agreement between CVPS and Blue Spruce Farm covering protection, generator tripping, lockout and restart. Exh. Joint-1 (Stipulation at 2).

22. At the technical hearing, CVPS mentioned, and no party objected to, a supplemental system impact study, including the operating protocol and interconnection requirements, will be undertaken if the generator that can be acquired for this Project has characteristics that are different than the generator for which the original system impact study was undertaken. Tr. at 6.

23. CVPS testified during the technical hearing that the circuit breaker controls would be biased to trip the generator off-line in the event of a problem, to prevent damage to the distribution system or customers. Tr. at 35-36.

24. A relay and circuit breaker will be located on the Blue Spruce Farm between the generator and pole-mounted transformers. Exh. Joint-1 (Attachment D to System Impact Study); tr. at 42.

25. The Department testified during the technical hearing that it is confident that this facility will not have an adverse impact on reliability or stability. Tr. at 38.

26. Blue Spruce Farm shall not operate the Project until an interconnection agreement with CVPS has been finalized and filed with the Board that includes the completed Technical Requirements and Operating Protocols appendices. Exh. Joint-1 (Stipulation at 3).

27. The parties agree to finalize the Technical Requirements and Operating Protocols appendices in cooperation with the Department and with the Petitioner's project engineer. Exh. Joint-1 (Stipulation at 3).

**Economic Benefit to the State and Its Residents**

[30 V.S.A. § 248(b)(4)]

28. The proposed project will provide economic benefits to the state. The proposed project will make this farm more profitable, and it will serve as a model for other farms. Enhancing the economic viability of farms benefits not just the farmer but all of the ancillary services associated with farming. It also increases the likelihood that farms will refrain from taking land out of production, hence preserving the image of Vermont that is promoted to tourists. The general public will benefit from the odor reduction of the manure, the reduction of release in greenhouse gases, improved nutrient management and a locally produced power source. Audet pf. at 5.

**Aesthetics, Historic Sites, Air and Water Purity, the Natural Environment**

**and Public Health and Safety**

[30 V.S.A. § 248(b)(5)]

29. The Project as proposed will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment and the public health and safety. This finding is supported by findings 27 through 50, below, which are based on the criteria specified in



10 V.S.A. §§ 1424a(d) and 6086(a)(1) through (8), 8(A) and (9)(K).

**Air and Water Pollution**

[10 V.S.A. § 6086(a)(1)]

30. The Project as proposed will not result in undue air or water pollution. This finding is supported by findings 28 through 35, below.

31. The generator will produce some air emissions, however, since the generator engine has a rating less than 450 hp, an air pollution control permit from ANR is not required. Exh. 8.

32. In terms of greenhouse gas emissions from the farm, the Project should have a beneficial effect. As manure decomposes, it generates methane gas, which has a global warming potential 21-times that of carbon dioxide. Farm animals contribute 30% of worldwide anthropogenic methane emissions, and 23% of the methane from farm animals comes from the natural decomposition of manure. The project should result in a reduction of methane emissions from the farm. Pet. at 2; Audet pf. at 5.

**Headwaters**

[10 V.S.A. § 6086(a)(1)(A)]

33. The proposed project will not have an undue adverse impact on any headwaters, as there are no headwaters located in the vicinity of the site. Audet pf. at 6.

**Waste Disposal**

[10 V.S.A. § 6086(a)(1)(B)]

34. The Project will meet all applicable health and environmental conservation regulations regarding the disposal of waste and will not involve the injection of waste materials or any harmful or toxic substances into groundwater or wells. Audet pf. at 6.

35. Surface and groundwater contamination will be greatly reduced as a result of spreading the waste liquid as fertilizer, as compared to spreading raw manure. Audet pf. at 6.

**Water Conservation**

[10 V.S.A. § 6086(a)(1)(C)]

36. The use of water will be limited to filling the hot water pipes for the dairy. Once the pipes are filled, waste heat from the generator will warm the water, which will be recirculated within the pipes. Pet. at 3; tr. at 17-19.

**Floodways, Streams and Shorelines**

[10 V.S.A. § 6086(a)(1)(D), (E), & (F)]

37. The Project will not be located within or near any floodways, streams, or shorelines. Audet pf. at 6; exhs. 1, 10.

**Wetlands**

[10 V.S.A. § 6086(a)(1)(G)]

38. Construction of the Project will be on farm property that has already been developed, and there are no mapped wetlands in the vicinity of the project. Audet pf. at 6.

**Sufficiency of Water And Burden on**

**Existing Water Supply**

[10 V.S.A. §§ 6086(a)(2) & (3)]

39. The Project has sufficient water available for its needs, and it will not cause an unreasonable burden on existing water supplies. This finding is supported by the finding below.

40. The use of water will be limited to filling the hot water pipes for the dairy. Once the pipes are filled, waste heat from the generator will warm the water, which will be recirculated within the pipes. Pet. at 3; tr. at 17-19.

**Soil Erosion**

[10 V.S.A. § 6086(a)(4)]

41. The Project will not cause unreasonable soil erosion or reduction in the capacity of the land to hold water. This finding is supported by findings 38 through 39, below.

42. The Project is located on a relatively flat site. Exh. 10.

43. The digester, solids, and generator buildings have already been constructed<sup>1</sup> in among existing farm buildings and structures, all in the vicinity of an existing drainage ditch with a sediment trap. The future work on this project is limited to installing the generator within the existing generator building and installing two utility poles near the generator building. *See* Finding 5.

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1. The petition indicated that the three buildings were proposed, but all three buildings had been constructed by date of the site visit.

**Transportation**

[10 V.S.A. § 6086(a)(5)]

44. The Project will not cause unreasonable congestion or unsafe conditions with respect to any affected means of transportation. Audet pf. at 6.

45. The manure trucking will remain unchanged from existing conditions. Tr. at 41.

**Educational Services**

[10 V.S.A. §§ 6086(a)(6)]

46. The proposed project is unrelated to and will not cause any burden on the ability of any municipality to provide educational services. Audet pf. at 6.

**Municipal Services**

[10 V.S.A. §§ 6086(a)(7)]

47. The Project will not require any municipal or governmental services. Audet pf. at 6.

**Aesthetics, Historic Sites or Rare and Irreplaceable Natural Areas**

[10 V.S.A. § 6086(a)(8)]

48. The Project will not have an undue adverse effect on the scenic or natural beauty of the area, or upon aesthetics, historic sites or rare and irreplaceable natural areas. This finding is supported by findings 46 through 47, below.

49. The Project is currently, and will be, visible as three new farm buildings in an area of the farm yard situated between a manure lagoon, feed bunks and the feedstall barn. The buildings are consistent in design with the other farm buildings. Audet pf. at 2.

50. There are no historic sites or rare and irreplaceable natural areas that will be disturbed by the proposed project. Audet pf. at 6; letter dated August 11, 2004, from Jane Lendway, State Historic Preservation Officer (signed by R. Scott Dillon) to Ebenezer Punderson, Deppman & Foley, P.C.

**Discussion**

Based on the above findings, I conclude that this project will not have an undue adverse effect on the aesthetics or scenic and natural beauty of the area. In reaching this conclusion, I have relied on the Environmental Board's methodology for the determination of "undue" adverse

effects on aesthetics and scenic and natural beauty as outlined in the so-called Quechee Lakes decision. Quechee Lakes Corporation, #3W0411-EB and 3WO439-EB, dated January 13, 1986.

As required by this decision, it is first appropriate to determine if the impact of the Project will be adverse. The Project would have an adverse impact on the aesthetics of the area if its design is out of context or not in harmony with the area in which it is located. If it is found that the impact would be adverse, it is then necessary to determine that such an impact would be "undue." Such a finding would be required if the Project violates a clear written community standard intended to preserve the aesthetics or scenic beauty of the area, if it would offend the sensibilities of the average person, or if generally available mitigating steps would not be taken to improve the harmony of the Project with its surroundings. The Board's assessment of whether a particular project will have an "undue" adverse effect based on these standards should be significantly informed by the overall societal benefits of the project.<sup>2</sup>

Given the facts of this case, I find that the Blue Spruce Farm Project will not have an adverse effect on the aesthetics. The site of the generation, solids, and digester buildings is between a manure lagoon, feed bunks and the freestall barn, and the new buildings have been constructed in a manner compatible with the existing buildings on the site. The generator will be housed within an existing building. The two new utility poles will be located near the three new buildings and in proximity to an existing utility pole. For these reasons, the Project will not be out of context or out of harmony with the area in which it is located.

Even if the Project was determined to have an adverse impact on aesthetics, such impact would not be undue. The Project does not violate a clear, written community standard, is not shocking or offensive, and this Project would not require additional mitigation because Blue Spruce Farm chose to site the buildings set back from Route 22A and between existing farm buildings and structures. The Bridport Selectboard and the Addison County Regional Planning Commission were notified of the proposed Project and did not recommend any changes to the proposal. Because all construction is between existing farm buildings and structures, its presence will not be shocking, and will not offend the sensibilities of the average person. In choosing the

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2. Docket 6884, Order of 4/21/04 at 20-21.

location for construction, Blue Spruce Farm has taken all reasonable available mitigating steps to harmonize or fit the project with the surroundings.

**Necessary Wildlife Habitat and Endangered Species**

[10 V.S.A. § 6086(a)(8)(A)]

51. The proposed project will not have any undue adverse effect on wildlife habitat or have any impact on threatened or endangered species, including any bird species. Audet pf. at 6.

52. As discussed in Findings 43 and 49, the buildings have already been constructed between existing large farm buildings and manure lagoons.

**Development Affecting Public Investments**

[10 V.S.A. § 6086(a)(9)(K)]

53. The proposed project is adjacent to Route 22A. The proposed project will not unnecessarily or unreasonably endanger the public or quasi-public investment in Route 22A, or materially jeopardize or interfere with the function, efficiency, or safety of, the public's use or enjoyment of or access to Route 22A. Audet pf. at 6.

**Consistency With Company's Least-Cost Integrated Plan**

[30 V.S.A. § 248(b)(6)]

54. The development of new renewable generation through voluntary renewable pricing programs is a strategy identified by CVPS in its 2003 Least-Cost Integrated Resource Plan that CVPS has requested the Board to approve under Section 218c in Docket No. 6854. Exh. Joint-1.

**Compliance With Electric Energy Plan**

[30 V.S.A. § 248(b)(7)]

55. The Project is consistent with the Vermont Twenty-Year Electric Plan, in accordance with 30 V.S.A. § 202(f). Exh. 7.

**Outstanding Water Resources**

[30 V.S.A. § 248(b)(8)]

56. There are no watercourses in the vicinity of the proposed project that have been designated as Outstanding Resource Waters. Audet pf. at 6.

**Waste to Energy Facilities**

[30 V.S.A. § 248(b)(9)]

57. The Project is not a municipal solid waste to energy facility, and, therefore, I find this criterion to be inapplicable.

**Existing or Planned Transmission Facilities**

[30 V.S.A. § 248(b)(10)]

58. With the development of an appropriate Interconnection Agreement, the proposed project can be served economically by existing or planned transmission facilities without undue adverse effect on Vermont utilities or customers. Audet pf. at 4; exh. Joint-1 (Stipulation at 2).

**IV. DISCUSSION**

The Blue Spruce Farm Project, overall, has significant merit; however, the issue of system stability and reliability requires further discussion in order to explain why I can recommend that the Board issue a CPG for the Project. For this Project, system stability and reliability is the criterion with the highest potential for adverse impact of all the Section 248 criteria. The CVPS system impact study found that the Project, as proposed in the Petition, does not meet three out of the five initial screening criteria, and some measures to address these issues are recommended in the system impact study. The Stipulation filed in this Docket requires that Blue Spruce Farm and CVPS finalize, with the cooperation of the Department, a Generation Interconnection Agreement which includes Technical Requirements and Operating Protocols as appendices. Compliance with these measures will be sufficient to protect the existing system and ensure that system stability and reliability are not adversely affected. The Stipulation also requires that Blue Spruce Farm shall not operate the Project until the interconnection agreement has been filed with the Board. A second consideration is the fact that CVPS's system impact study was based on a specific generator. However, it is possible that Blue Spruce Farm will need to purchase a generator with different operating characteristics. This could affect the remediation measures needed to ensure system stability and reliability.

Thus, the parties do not now know the specific conditions that CVPS will require as a condition of interconnection. One option would be for the Board to wait until it received and

approved the interconnection agreement before issuing a CPG in this docket. However, given that the Petitioner will not purchase the generator prior to Project approval, a supplemental system impact study would be required if the generator purchased differs from the specific generator for which the original system impact study was undertaken, and given the time constraints for bringing the Project online while the ambient air is warm enough to start the anaerobic digestion process, I agree with the Stipulation that the Board should issue a conditional CPG approving the construction of the Project, but not approving the operation of the Project until all parties have commented on the interconnection agreement, and until the interconnection agreement has been filed with the Board. I have added a further condition to the Order and CPG stating that the interconnection agreement must be approved by the Board prior to operation of the Project.

For these reasons, I conclude that there is sufficient justification for the Board to authorize a conditional CPG, and further conclude that the Stipulation sufficiently ensures that system stability and reliability will not be adversely impacted by this Project.

One other, unrelated, topic that came up during the technical hearing was in regard to reporting of the Blue Spruce Farm generation output (in kWh). It would be valuable for the Board to be aware of the energy produced by individual methane-fueled electrical generation facilities, especially in the early stages of the Voluntary Renewable Pricing Program. During the technical hearing, Blue Spruce Farm stated that it did not object to reporting its generation output. However, this issue is broader than just the Blue Spruce Farm facility, as it would also apply to any future farm producers. Therefore, it seems more appropriate to address this issue in Docket No. 6933, which focuses on the program as a whole. Accordingly, I recommend that the Board consider in PSB Docket No. 6933 requiring CVPS to submit to the Board, on an annual basis, a report containing the generation output (in kWh) of each "farm-producer" (as defined in the Order of 7/30/04 in Docket No. 6933) for each month of that year. I have made an attempt to be consistent with the reporting format used by VEPPi for small electrical generators, and, since CVPS expects that payment for electricity produced by farm-producers will be settled on a monthly basis, I do not expect this requirement to be unduly burdensome.

### V. CONCLUSION

Based upon all the above evidence, the site preparation for and installation of a methane-fueled electrical generating facility at the Blue Spruce Farm in Bridport, Vermont:

- (a) will not unduly interfere with the orderly development of the region with due consideration having been given to the recommendations of the municipal and regional planning commissions, and the recommendations of the municipal legislative bodies;
- (b) is required to meet the need for present and future demand for service which could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy efficiency and land management measures;
- (c) will not adversely affect system stability and reliability;
- (d) will result in an economic benefit to the state and its residents;
- (e) will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment and the public health and safety, with due consideration having been given to the criteria specified in 10 V.S.A. § 1424a(d) and §§ 6086(a)(1) through (8) and (9)(K);
- (f) is consistent with the principles of least-cost integrated resource planning;
- (g) is in compliance with the electric energy plan approved by the DPS under § 202 of Title 30 V.S.A.;
- (h) does not involve a facility affecting or located on any segment of the waters of the State that has been designated as outstanding resource waters by the Water Resources Board; and
- (i) can be served economically by existing or planned transmission facilities without undue adverse effect on Vermont utilities or customers.

All parties to this proceeding waive their rights under 3 V.S.A. § 811 to file written comments or present oral argument with respect to this proposal for decision, provided that this



proposal for decision is consistent in all material<sup>3</sup> respects with the Stipulation. I recommend that the Board approve the Stipulation in its entirety, with the corrections specified in the order and certificate of public good.

Dated at Montpelier, Vermont, this 9<sup>th</sup> day of September, 2004.

s/William B. Jordan

William B. Jordan  
Hearing Officer

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3. See tr. at 8-10.

## **VI. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the State of Vermont Public Service Board that:

1. The findings, conclusions, and recommendations of the Hearing Officer are adopted.
2. The Stipulation among Blue Spruce Farm, Inc., Central Vermont Public Service Corporation, the Vermont Department of Public Service, and the Vermont Agency of Natural Resources dated August 25, 2004, is approved in its entirety, but with the following corrections:
  - a. The second paragraph in Attachment A (Pricing and Payment Provisions) of Attachment 2 (Farm-Producer Power Purchase Agreement) of the Stipulation begins "RECs delivered pursuant to this Agreement shall be priced at \$4 per mWh for each mWh of energy delivered hereunder. All rounding for generation of less than 1 mWh shall be subject to . . ." and should be changed to "RECs delivered pursuant to this Agreement shall be priced at \$40 per MWh for each MWh of energy delivered hereunder. All rounding for generation of less than 1 MWh shall be subject to . . ." to be consistent with Finding 48 in the Order of 7/30/04 in Docket No. 6933.
  - b. Attachment D (Equipment One Line Diagram) to the System Impact Study should be corrected to reflect that the "Relay" indicated on the Blue Spruce Farm between the generator and the transformer should be changed to "Relay/Breaker."
3. Compliance with all terms of the Stipulation, except as modified herein, is required.
4. The construction by Blue Spruce Farm, Inc. of a methane-fueled electrical generating facility, in accordance with the evidence, plans and approvals submitted in the proceeding will promote the general good of the State of Vermont consistent with 30 V.S.A. § 248, and a certificate of public good shall be issued to allow such construction.
5. Blue Spruce Farm shall comply with all conditions set forth in the certificate of public good.

Dated at Montpelier, Vermont, this 19<sup>th</sup> day September, 2004.

<u>s/Michael H. Dworkin</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: September 9, 2004

ATTEST: s/Susan M. Hudson  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*